

Message Text

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ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 SP-02 USIA-06 AID-05 EB-08
NSC-05 TRSE-00 SS-15 STR-07 OMB-01 CEA-01 L-03
H-01 CIAE-00 COME-00 FRB-03 INR-10 NSAE-00 LAB-04
SIL-01 /098 W

-----052492 171329Z /53

R 162116Z FEB 78
FM AMEMBASSY BRUSSELS
TO SECSTATE WASHDC 4951
INFO ALL EC CAPITALS
USMISSION GENEVA

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USEEC

GENEVA ALSO FOR MTN

PARIS ALSO FOR OECD

E.O. 11652: N/A
TAGS: EEC, ETRD, EIND, OECD, MTN
SUBJECT: EC COMMISSION DISCUSSION OF FOOTWEAR INDUSTRY
PROBLEMS

REF: 77 BRUSSELS 14970

1. MISSION OFFICER HAS LEARNED FROM EC COMMISSION
OFFICIALS THAT COMMISSION WILL DISCUSS POSSIBLE ACTIONS
TO HELP COMMUNITY FOOTWEAR INDUSTRY AT THE COMMISSION'S
FEBRUARY 22 MEETING. THE COMMISSION IS REPORTEDLY
RESISTING SHOE INDUSTRY PRESSURE TO DO SOMETHING
SIMILAR TO THE MULTIFIBER AGREEMENT OR TO INVOKE GATT
ARTICLE XIX. BASIS OF DISCUSSION WILL BE AN ANALYSIS
BY THE COMMISSION INDUSTRIAL AFFAIRS STAFF WHICH OUT-
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LINES THE PLIGHT OF THE INDUSTRY IN TERMS OF REDUCED
EMPLOYMENT (60,000 JOBS LOST IN THE LAST TWO YEARS)
INCREASING IMPORTS (NOW 29 PERCENT OF CONSUMPTION)
DECLINING EXPORTS AND REDUCED PRODUCTIVITY. PARTICULAR
BLAME IS LEVELED AT IMPORTS FROM LOW-INCOME COUNTRIES
WITH LARGE-SCALE INDUSTRIES AND AT SPAIN AND EASTERN
EUROPEAN COUNTRIES, WHOSE EXPORTS OF LEATHER SHOES TO

THE EC HAVE INCREASED OVER 60 PERCENT IN TWO YEARS.

2. AMONG THE POSSIBLE MEASURES SUGGESTED FOR COMMISSION DISCUSSION ARE IMPORT SURVEILLANCE OF FOOTWEAR IMPORTS, NEGOTIATIONS WITH SUPPLIER COUNTRIES WHOSE SHOE PRODUCTS ARE SUBJECT TO IMPORT RESTRICTIONS IN OTHER DEVELOPED COUNTRIES, AND AN EXAMINATION OF THE FOOTWEAR INDUSTRY IN THE OECD.

3. A COMMISSION INDUSTRIAL POLICY OFFICIAL TOOK PAINS TO STRESS TO MISSION OFFICER THAT THESE MEASURES SHOULD NOT BE CONSIDERED AS STAFF PROPOSALS BUT ONLY A BASIS FOR PRELIMINARY DISCUSSIONS. HE SAID THE COMMUNITY WAS NOT READY TO ACT IN THIS FIELD, ALTHOUGH IF FRG OPPOSITION WERE TO BE REMOVED, AN IMPORT SURVEILLANCE SYSTEM MIGHT BE SET UP AT THE COMMUNITY LEVEL. ACTION TO HELP THE SHOE INDUSTRY IN THE TRADE AREA SHOULD BE ACCOMPANIED BY A RESTRUCTURING PROGRAM, BUT SOME MEMBER STATES, ESPECIALLY THE FRG, ADAMANTLY OPPOSE COMMISSION INVOLVEMENT HERE AND FUNDS THE COMMISSION COULD USE TO ENCOURAGE MODERNIZATION IN THE SECTOR ARE VERY LIMITED. ACCORDING TO THE OFFICIAL, THE ONLY LIKELY RESULT FROM NEXT WEEK'S MEETING WILL BE A DIRECTIVE TO THE COMMISSION'S STAFF FOR A MORE IN-DEPTH ANALYSIS OF THE SITUATION IN THE INDUSTRY AND THE OPTIONS AVAILABLE TO THE COMMUNITY.

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4. FOLLOWING TABLE GIVES COMMISSION FIGURES ON BASIC INDUSTRY TRENDS OVER RECENT YEARS (ALL TYPES SHOES):

	MILLIONS PRO-	EXPORTS	IMPORTS	CONSUMP-	IMPORTS AS-PER
	DUCTION	EEC	EEC	CONSUMPTION	CENTAGE OF
1970	967	170	120	917	13.1
1971	983	169	159	973	16.3
1972	988	164	178	1,002	17.8
1973	935	154	181	962	18.8
1974	942	153	178	967	18.4
1975	891	138	186	938	19.8
1976	910	143	231	998	23.3
1977 (SIX MONTHS).	440	73	155	522	29.7

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FOOTWEAR, INDUSTRY, MEETINGS
Control Number: n/a
Copy: SINGLE
Draft Date: 16 feb 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978BRUSSE03064
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780073-1064
Format: TEL
From: BRUSSELS USEEC
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780249/aaaabpbq.tel
Line Count: 110
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: b336dbd5-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 77 BRUSSELS 14970
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3577553
Secure: OPEN
Status: NATIVE
Subject: EC COMMISSION DISCUSSION OF FOOTWEAR INDUSTRY PROBLEMS
TAGS: ETRD, EIND, EEC, OECD, MTN
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/b336dbd5-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014